THE EFFECT OF THE POLITICAL STABILITY
ON THE INDONESIAN ECONOMY

THESIS

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BY
TRI APRI WIJAYA LUBIS
1510514026

THESIS ADVISOR
Prof. Dr. Syafruddin Karimi, SE, MA
Nip. 195410091980121001

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Thesis by: Tri Apri Wijaya Lubis
Thesis Advisor by: Prof. Dr. Syafruddin Karimi, SE, MA

ABSTRACT

This study aims to see the impact of political stability on the Indonesian economy as measured by the rate of economic growth in 2009-2017. The data used is secondary data, with all data taken from the Central Bureau of Statistics. This research model uses a regression data panel using Random Effect Model as the best model. Based on empirical result, Government Consumption Expenditure, Export, Import, and Gross Fixed Capital Formation has an impact for GDP. And another finding reveals that Gini Ratio and Indonesian Democracy Index is not significant on GRDP. It can conclude that manifest variables from political stability have variables that affect and do not affect on Indonesian economic growth.

Keyword: Political stability, government consumption expenditure, export, import, gross fixed capital formation, gini ratio, Indonesian democracy index, and economic growth.

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